

RISK MANAGEMENT ADVISORY BOARD

Minutes

Date/Time: Monday, March 10, 2014, 6:00 PM
Place: West Hartford Town Hall, Room #221

Approved:5/12/14

Present:Maureen Boyle-Henninger, Albert Brenner, John Davison
Jennifer Herz,

Also Present: Peter Privitera, Rick Ledwith, Susan Donatelli, Chris Kachmar

1. 2014 RMAB Appointment/Reappointment Status

Richard Roberts has been appointed by the Town Council to serve as a member on the RMAB.

2. Election RMAB Chairman/Secretary

The RMAB elected John Davison as Chair and Albert Brenner as Secretary for calendar year 2014.

3. Minutes of the September 16, 2013 & January 27, 2014 Meetings

Minutes of the September 16, 2013 and the January 27, 2014 meetings were approved as submitted.

4. Investment Results

Chris Kachmar from Fiduciary Investment Advisors reviewed the fourth quarter report for the Retiree Medical Fund. Overall performance for the period ending December 31, 2013 was solid with the portfolio returning 13.9%, a market gain of just under \$2M. Also discussed was some rebalancing activity towards the end of 2013 which included the trimming of the equity overweight in favor of fixed income and eliminating the Western Inflation Protection strategy for Vanguard's short duration TIPS fund. In addition, we discussed the termination of the Bradford Marzec assignment and movement to Longfellow Investment Management, which we have since concluded

5. Quarterly Health Benefits Status

Mr. Ledwith discussed the Health Care increase in the Board of Education's 2014-15 budget. The 2014-15 appropriation has increased by \$3.73 million from the 2013-14 appropriation. There is one main source for the increase. Claims growth, since January 2013, has been extraordinarily high. The table below shows the trend in claims for the 12 months ending January of the most recent years.

Twelve Months Ending	Total Claims Paid	Change
January 2007	\$14.75 million	
January 2008	\$16.35 million	\$1.60 million/10.8%
January 2009	\$16.84 million	\$0.49 million/3.0%
January 2010	\$18.90 million	\$2.06 million/12.2%
January 2011	\$21.04 million	\$2.14 million/11.3%
January 2012	\$21.18 million	\$0.14 million/0.7%
January 2013	\$21.87 million	\$0.69 million/3.3%
January 2014	\$26.00 million	\$4.13 million/18.8%

While there been very high growth rates at the end of the last decade, the 2 year period ending January 2013 saw remarkably low growth in total claims – up only \$0.83 million or about 4% over 2 years. So when projections were made in last year's budget we assumed low growth rates. We expected 12 month claims ending in June of 2013 to be \$22.0 million (a 1.11% year over year growth rate) and we budgeted for 12 months of claims in June of 2014 to be \$23.1 million (a 5% year over year growth rate). Since January of 2013, claims have exploded in the district at the highest percentage growth and highest dollar growth ever. For the 12 months ending January 2014, the most recent data point we have, claims totaled \$26.00 million which is \$4.13 million or 18.8% higher than the 12 months claims ending on January 2013.

The sole source of the growth has been in catastrophic claims – those claims totaling more than \$50,000 for a person for a year. Total paid catastrophic claims for 12 month period ending January 2014 were more than double the claims for the 12 months ending January 2013. The total increase in catastrophic claims was \$4.89 million which actually exceeded the overall claims increase for the period of \$4.12 million.

Twelve Months Ending	Total Claims Paid	Catastrophic Claims	Change
January 2012	\$21.18 million	\$3.65 million	
January 2013	\$21.87 million	\$4.29 million	\$0.64 million/17%
January 2014	\$26.00 million	\$9.18 million	\$4.89 million/114%

6. 2014 Annual Agenda & Meeting Dates

Deferred to the next meeting.

7. 2014 RMAB Operating Procedures

Deferred to the next meeting.

8. Other

The meeting adjourned at 8:30 PM

Clerk of the Board: Lisa Davis, Safety Analyst at lisad@westhartford.org or 860-561-7486.

cc:	Scott Slifka, Mayor	Jay Sarzen, Board of Education
	Denise Hall, Town Council	Mark Overmyer-Velazquez, Board of Education
	Ron Van Winkle, Town Manager	Karen List, Superintendent
	Joe O'Brien, Corporation Counsel	Tom Moore, Assistant Superintendent
	Peter Privitera, Director of Finance	Chip Ward, Director of Finance and Planning
	Rick Ledwith, Executive Director of HR	
	Susan Donatelli, Risk Manager	